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| 2017 | e | d | i | | t | i | o | n |  |
| PAYROLL | | | | | | | | | |
| accounting | | | | | | | | | |
| Bieg/Toland | | | |  | | | | | |

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|  | | TEST 1 | | | | | | | |  | |
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| Student | | **INSTRUCTOR’S COPY** | | | | | | | | |  |
|  | |  | | | | | | | | |  |
| Chapter 1 | | |  | Date | |  | | |  | | |
|  | | |  |  | |  | | |  | | |
| SCORING RECORD | | | | | | | | | |  | |
|  | | | | | | | | | |  | |
| Section | Total Points | | | | Deductions | | Score |  | | | |
| A | 60 | | | |  | |  |  | | | |
| B | 40 | | | |  | |  |  | | | |
| Total | 100 | | | |  | |  |  | | | |

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| **Section A**—DIRECTIONS: Each of the following statements is either true or false. Unless directed otherwise by your instructor, indicate your choice in the Answers column by writing “T” for a true answer or “F” for a false answer. (2 points for each correct answer) | | | | | | | |
|  |  |  | For  Answers Scoring | | | | | | |
| 1. |  | The Fair Labor Standards Act sets the current minimum wage at $7.50 per hour. |  | F |  | 1. |  | |
| 2. |  | The Federal Insurance Contributions Act covers restrictions on the employment of child labor. |  | F |  | 2. |  | |
| 3. |  | The Federal Income Tax Withholding Law requires that all employment data be kept on file |  |  |  |  |  | |
|  |  | permanently. |  | F |  | 3. |  | |
| 4. |  | In cases where both federal and state regulations cover the minimum wage for the same |  |  |  |  |  | |
|  |  | employee, the higher of the two rates is always used as the standard minimum wage. |  | T |  | 4. |  | |
| 5. |  | Those records that are required by the various payroll laws must generally be kept on file for |  |  |  |  |  | |
|  |  | only the current year. |  | F |  | 5. |  | |
| 6. |  | Unions and employment agencies are excluded from coverage under the Civil Rights Act of 1964. |  | F |  | 6. |  | |
| 7. |  | Employers’ photocopying of new employees’ I-9 documents is not required under the |  |  |  |  |  | |
|  |  | Immigration Reform and Control Act. |  | T |  | 7. |  | |
| 8. |  | The Age Discrimination in Employment Act protects virtually all workers, but only to the age of 70. |  | F |  | 8. |  | |
| 9. |  | FICA taxes are levied upon employers only. |  | F |  | 9. |  | |
| 10. |  | Criminal background checks can be used by employers on all job applicants. |  | F |  | 10. |  | |
| 11. |  | Most employers are faced with two unemployment taxes—federal and state. |  | T |  | 11. |  | |
| 12. |  | Every state imposes state unemployment taxes on employers in their state. |  | T |  | 12. |  | |
| 13. |  | As part of their FMLA, a few states have implemented a paid family leave plan. |  | T |  | 13. |  | |
| 14. |  | The FUTA tax paid to the federal government is used to pay benefits to the unemployed workers |  |  |  |  |  | |
|  |  | who qualify for the benefits. |  | F |  | 14. |  | |
| 15. |  | Under the Affordable Care Act, the insurance provided by the employer only has to meet an  affordability test. . |  | F |  | 15. |  | |
| 16. |  | The information reporting requirements of the Affordable Care Act only involve the filing of each employee’s Form W-2. . |  | F |  | 16. |  | |
| 17. |  | Once vested, workers have the right to receive a pension at retirement age, even if they no longer |  |  |  |  |  | |
|  |  | work for that company. |  | T |  | 17. |  | |
| 18. |  | Under the Family and Medical Leave Act, employers can exempt the highest paid 10 percent of |  |  |  |  |  | |
|  |  | their workforce from its provisions. |  | T |  | 18. |  | |
| 19. |  | Under federal law, new-hire reporting also applies to newly hired independent contractors. |  | F |  | 19. |  | |
| 20. |  | Form I-9, Employment Eligibility Verification, is completed only by employees who were born |  |  |  |  |  | |
|  |  | outside the United States. |  | F |  | 20. |  | |
|  |  |  |  |  |  |  |  | |

**SECTION A (continued)**

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|  |  |  | For  Answers Scoring | | | | |
| 21. |  | The deadline for an employee to complete and sign Section 1 of Form I-9 is one year from the |  |  |  |  |  |
|  |  | date of hire. |  | F |  | 21. |  |
| 22. |  | Under the Family and Medical Leave Act, an employer can substitute an employee’s earned paid |  |  |  |  |  |
|  |  | leave for any part of the 12-week family leave. |  | T |  | 22. |  |
| 23. |  | Workers’ compensation insurance applies only to work-related injury, illness, or death. |  | T |  | 23. |  |
| 24. |  | Pre-hire questions pertaining to religion, gender, national origin, or age are allowed when these |  |  |  |  |  |
|  |  | factors are bona fide occupational requirements for a job. |  | T |  | 24. |  |
| 25. |  | In the event employment is denied because of the information obtained from an investigative |  |  |  |  |  |
|  |  | consumer report, the employer is required to inform the individual that this was the reason for |  |  |  |  |  |
|  |  | denying employment. |  | T |  | 25. |  |
| 26. |  | Employers cannot terminate an employee for providing false information on an application form |  |  |  |  |  |
|  |  | once the employee begins employment. |  | F |  | 26. |  |
| 27. |  | The hiring notice is a record sent to the Payroll Department so that the new employee can |  |  |  |  |  |
|  |  | be added to the payroll. |  | T |  | 27. |  |
| 28. |  | The payroll register is used by employers in preparing Form W-2, the wage and tax statement |  |  |  |  |  |
|  |  | sent to each employee at year-end. |  | F |  | 28. |  |
| 29. |  | The payroll register is used to provide the information needed to record the payroll entries made |  |  |  |  |  |
|  |  | in the journal on each payday. |  | T |  | 29. |  |
| 30. |  | The FLSA requires all employees to be paid weekly or bi-weekly. |  | F |  | 30. |  |
|  |  |  |  |  |  |  |  |
| **Section B**—DIRECTIONS: Complete each of the following sentences by writing in the Answers column the letter of the word or words that correctly completes each statement. (5 points for each correct answer) | | | | | | | | |
|  |  |  | For  Answers Scoring | | | | | |
| 1. |  | Which of the following is not a provision of the Fair Labor Standards Act (FLSA)? (A) Restricts |  |  |  |  |  |
|  |  | the employment of child labor, (B) Sets minimum wage, (C) Forbids discrimination in hiring, (D) Mandates equal pay for equal work, regardless of gender, (E) All are provisions of the FLSA |  | C |  | 1. |  |
| 2. |  | Which of the following bases for discrimination in employment practices is not covered in Title |  |  |  |  |  |
|  |  | VII of the Civil Rights Act of 1964 as amended? (A) Color, (B) Religion, (C) Age, (D) Sex,  (E) National origin |  | C |  | 2. |  |
| 3. |  | Which of the following acts covers employee pension and welfare plans? (A) Affordable Care Act, |  |  |  |  |  |
|  |  | (B) Federal Insurance Contributions Act, (C) Age Discrimination in Employment |  |  |  |  |  |
|  |  | Act, (D) Family and Medical Leave Act, (E) Employee Retirement Income Security Act. |  | E |  | 3. |  |
| 4. |  | Medicare is a two-part health insurance program that was part of an amendment to what act? |  |  |  |  |  |
|  |  | (A) Federal Insurance Contributions Act, (B) Federal Income Tax Withholding Law, (C) Federal |  |  |  |  |  |
|  |  | Unemployment Tax Act, (D) Affordable Care Act, (E) Fair Labor Standards Act |  | A |  | 4. |  |
| 5. |  | Which of the following statements is *not* a provision of ERISA? (A) ERISA applies to pension and |  |  |  |  |  |
|  |  | welfare plans established by any employer engaged in commerce. (B) ERISA establishes minimum |  |  |  |  |  |
|  |  | vesting schedules that protect the workers’ benefits. (C) ERISA provides that all employees are |  |  |  |  |  |
|  |  | eligible to set up their own individual retirement accounts. (D) ERISA requires each employer to |  |  |  |  |  |
|  |  | establish a pension plan. (E) All of the above are provisions of ERISA. |  | D |  | 5. |  |
| 6. |  | Which of the following acts deals with the minimum wage paid to laborers for contractors who |  |  |  |  |  |
|  |  | supply materials to any agency of the United States? (A) Davis-Bacon, (B) Walsh-Healey Public |  |  |  |  |  |
|  |  | Contracts, (C) Federal Insurance Contributions, (D) McNamara-O’Hara Service Contract, |  |  |  |  |  |
|  |  | (E) None of these. |  | B |  | 6. |  |
| 7. |  | Which of the following forms is used to complete each employee’s Form W-2, Wage and Tax |  |  |  |  |  |
|  |  | Statement? (A) Payroll register, (B) Employee’s paycheck, (C) Change in payroll rate form, |  |  |  |  |  |
|  |  | (D) Employee’s individual retirement account, (E) Employee’s earnings record |  | E |  | 7. |  |
| 8. |  | Protection under the provisions of the Age Discrimination in Employment Act begins at what age? (A) 18, (B) 65, (C) 21, (D) 40, (E) 50 |  | D |  | 8. |  |